COUNTY OF LOUDOUN
Departments of Economic Development

REFERRAL

DATE: **Thursday, February 10, 2011**

TO: **Amy Lohr, Planner**
Zoning Administration

FROM: **Tom Flynn, Director of Economic Development**
Philip Denino, Community Development Manager

SUBJECT: **Amendments to the Zoning Ordinance – Large Retail Establishments (ZOAM 2010-0004)**

Background

On September 1, 2009, the Board of Supervisors adopted a resolution of intent to amend the Revised 1993 Loudoun County Zoning Ordinance to add "Large Retail Establishments" as a special exception use in certain districts and to redefine the definition of big box stores to 75,000 square feet or larger. This must be carefully evaluated as it relates to retail growth and redevelopment. This referral offers suggestions for consideration by the Board of Supervisors in evaluating the proposed amendment.

The reasons stated for pursuing this amendment are, "to support local businesses, reduce traffic impacts, and minimize the monotony of single occupancy big box stores" per Attachment #1 dated September 1, 2009. The comments below are provided in light of these reasons.

Evaluation

The Mission of the Department of Economic Development (DED) is, "to promote economic growth and opportunity by attracting targeted new businesses, supporting existing businesses and cultivating our rural economy." Successful economic development increases the community's capacity to generate wealth; one result of this is a local government with the sustained fiscal strength necessary to develop a high quality community while keeping tax rates competitive.

Retail is important in communities to provide jobs, amenities and shopping near where we live. Big box stores are often critical for the overall success of the business model of a shopping center. If there are additional zoning restrictions that increase the length of time and cost required to get a deal done, it will serve as a disincentive as many retail business models require a single occupancy user over 75,000 square feet to make the economics of the deal work.

Some other questions or issues related to this amendment include:

- How was the figure of 75,000 square feet chosen as the threshold?
- An existing center that already has a total of more than 75,000 square feet in total will not have a decrease in traffic simply because each individual user is below 75,000 square feet.

- Traffic volume and aesthetics can be addressed through the Master Plan, the Comprehensive Traffic Plan, any applicable re-zoning processes and particularly the site planning process.
- Was this intended for stand-alone big box buildings that do not share parking with any other tenants? Should it be considered differently when part of a larger shopping center?
- We are not aware of any projects in development that this amendment would apply assuming Dulles Landing and Arcola Center has already been approved. Was the intent to prevent more projects like these?
- If there are no known projects that this amendment would apply is the cost/benefit of this additional regulation justified?
- It does not reinforce the message that we are trying to create a “Prosperous business environment.”
- What if an older development, for example Sterling Park, wanted to redevelop into a mixed-use center with multiple floors? Would it apply to a big box store over 75,000 that occupies multiple floors? Is it intended to address land use or simply building size?

Have we considered potential unintended consequences?

Would this amendment apply to existing shopping centers or only new ones? For example, if there is an existing store at 65,000 square feet and they want to expand into an adjacent property bringing their total to 80,000 square feet, would the new amendment be applicable? If yes, it could have a chilling effect on existing shopping centers that may want to redevelop, particularly in older areas of the County. If it does not apply, it gives the older centers (and any in the Route 28 zoning) a competitive advantage against any new construction where the new amendment will apply.

Existing centers have already been through the approval process where traffic has been addressed. If this amendment should apply to existing centers it will be more difficult to attract replacements in the event an existing big box store goes out of business due to the increased cost and time associated with the special exception. It could result in extended periods of time where large stores sit vacant and shopping centers underperform because of the difficulty in recruiting new tenants.

Retailers are constantly “tweaking” their prototype store size, formats and product lines to come up with an optimal revenue generating store. If an existing big box store wishes to expand to a square footage that is more prototypical, but is either unwilling or unable given the special exception process, they may opt to instead leave their current location and relocate to a neighboring county resulting in leakage to the tax base and leaving a vacant eyesore.

Conclusion:

Amending the zoning ordinance to define large retail establishments as 75,000 square feet or larger and requiring a special exception for all large retail should be evaluated based on the individual site to ensure business growth is not curtailed. If the intent was to limit the number of free standing big box stores that do not share parking or egress with other tenants then the amendment should be rewritten. The Department of Economic Development cautions against moving forward with this amendment based upon the reasons provided above and to carefully consider them when making this decision.